

**STATE OF ARIZONA**  
**CITIZENS CLEAN ELECTIONS COMMISSION**

MUR: No. 04-0072

STATEMENT OF REASONS OF EXTERNAL INVESTIGATIVE CONSULTANT

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On behalf of the Citizens Clean Elections Commission (“Commission”), the External Investigative Consultant hereby provides the Statement of Reasons showing no reason to believe violations of the Citizens Clean Elections Act and Commission rules occurred.

**I. Procedural Background**

On May 5, 2005, Patrick Meyers (“Complainant”) filed a complaint against Martha Garcia (“Respondent”), a participating candidate for State Representative, District 13 alleging that Respondent failed to pay the vendor directly for goods and services. Exhibit A. On May 18, 2005, Respondent responded to the complaint and provided supporting documentation for the campaign expenditures. Exhibit B. Respondent’s campaign finance report for the 2004 election cycle is attached as Exhibit C.

**II. Alleged Violations**

1. Respondent reported payment of \$8,608.96 on September 1, 2004 to J & R Graphics for campaign materials, brochures, postcards and mailings. Complainant alleges that J & R Graphics is not a postage vendor, and therefore the Respondent failed to pay the vendor directly. Respondent included an amended invoice from J&R graphics that accurately reflects the sub-vendor activity. J&R Graphics charged \$6,688.67 for postcards, signs and buttons, and subcontracted postage to Prime Investments for \$1,920.29, totaling \$8,608.96. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. Exhibit C.

2. Respondent reported payment of \$3,952.50 on October 14, 2004 to J & R Graphics for postcards, mailings, and yard signs. Complainant alleges that J & R Graphics is not a postage vendor, and therefore the Respondent failed to pay the vendor directly. Respondent included an amended invoice from J&R graphics that accurately reflects the sub-vendor activity. J&R Graphics charged \$2,374.00 for postcards and lawn signs, and subcontracted postage to Prime Investments for \$1,578.50, totaling \$3,952.50. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. Exhibit C.

3. Respondent reported payment of \$1,500.00 on October 15, 2004 to Mindseye Learning for consultant fees, webmaster fees, and design fees for campaign materials. Complainant alleges that the Respondent did not report the expense in a timely manner. Respondent argued that the payment was made the day the final invoice was sent to them, and

therefore the expense was paid in a timely manner, since they were unable to pay until the final invoice was received.

As a participating candidate, Respondent was not required to file the trigger reports as expenditures were made prior to the general election. Pursuant to A.R.S §§ 16-941(B) & -958, nonparticipating candidate shall file an original and supplemental reports when expenditures exceed 70 percent and 10 percent, respectively, of the general election spending limit and shall file the reports within one business day of reaching the trigger during the last two weeks of the election. Rather, participating candidates shall comply with the reporting deadlines set forth in A.R.S § 16-913(B)(3), which required all campaign activity that occurred between October 14 and November 22 be reported no later than December 1, 2004, in the Post-General Report. Accordingly, Respondent complied with the reporting requirements applicable to participating candidates by reporting the expenditure to Mindseye Learning for materials produced just days before the general election in the Pre-Primary Report.

4. Respondent reported payment of \$1,996.89 on October 20, 2004 to J & R Graphics for postcards, mailings, and yard signs. Complainant alleges that J & R Graphics is not a postage vendor, and therefore the Respondent failed to pay the vendor directly. Respondent included an amended invoice from J&R graphics that accurately reflects the sub-vendor activity. J&R Graphics subcontracted postage to Prime Investments for the total invoice, which was \$1,996.89. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. Exhibit C.

5. Respondent reported payment of \$8,446.57 on November 3, 2004 to J & R Graphics for campaign materials and mailings. Complainant alleges that J & R Graphics is not a postage vendor, and therefore the Respondent failed to pay the vendor directly. Respondent included an amended invoice from J&R graphics that accurately reflects the sub-vendor activity. J&R Graphics charged \$5,467.57 for campaign materials, postcards and post signs, and subcontracted postage to Americopy for \$2,979.00, totaling \$8,446.57. Exhibit B. The amended campaign finance report specifies the expenditures to the subcontractors for the mailing. Exhibit C.

### **III. No Reason to Believe Finding**

Based on the complaint, Respondent's response, invoices and Respondent's campaign finance report, the External Investigative Consultant recommends the Commission finds no reason to believe violations of the Act or Commission rules occurred. Pursuant to A.A.C. R2-20-206, the Commission shall dismiss the complaint upon finding no reason to believe the alleged violations occurred.

Dated this \_\_\_\_ day of July, 2005

By: \_\_\_\_\_  
L. Gene Lemon  
External Investigative Consultant